

Authentix to relocate R&D office

Firm nabs \$1M Texas Enterprise Fund grant

BY BILL HETHCOCK | STAFF WRITER

Nanotechnology company Authentix Inc. is relocating its research and development operations to Addison from Pennsylvania, in a move that's expected to create 120 new jobs over the next five years.

The 8-year-old Addison-based company uses nanoscale engineering to develop systems to mark and monitor products ranging from cigarettes, spirits and banknotes to fuel, pharmaceuticals and agrochemicals, said Craig Stamm, chief financial officer. Uses for the authentication systems include prevention of smuggling, counterfeiting, piracy and tampering.

Authentix now employs 50 people at its office at 4355 Excel Pkwy. in Addison. It will add 15 to 20 employees in the first quarter of 2008, said David Moxam, president and CEO.

Plans call for 120 new employees in the next five years. Most of the jobs will be engineering, science and technical positions.

At full occupancy, the company will have about 48,000 square feet, slightly more than twice the size of its current office. It's planning to spend more than \$5 million over the next 24 months on the expansion. Construction is scheduled to start in about a month.

A \$1-million Texas Enterprise Fund grant and the availability of highly educated workers, including scientists and graduate-level engineers trained in nanotechnology, were primary reasons Authentix decided to move its manufacturing operations from Douglassville, Pa., Moxam said.

In addition to the state funds, the Addison Town Council has authorized a

grant of up to \$120,000, subject to Authentix meeting hiring projections and making building improvements, Assistant City Manager Mario Canizares said.

Despite its relatively small size, Authentix is an important contributor to Addison, Canizares said. Town leaders hope the company's presence will help lure other complementary businesses to the area.

"They've brought a new industry to the town that we had never had before," he said.

Authentix has found it easy to recruit from across the country because of the Metroplex's relatively low cost of living and high quality of life, Moxam said, adding that the state and local grants will help offset relocation costs.

"The state of Texas is poised to emerge as a global leader in the domain of nanotechnology," he said. "The Dallas area is one of the most attractive areas for entrepreneurs and new businesses that are starting in this domain."

"The access to talent and intellectual capital, when matched with quality of life for employees, is unsurpassed."

Accelerating research

Authentix makes tiny "photonic" markers that are placed on products or packaging materials and are visible only with highly sensitive detection devices.

The company also makes "molecular recognition" markers. These FDA-approved markers are made out of organic chemicals that can be placed onto ingestible pills or into expensive liquors or wines, allowing the medicine or liquid to be authenticated.

The relocation will bring the company's nanoscale production team, which makes the markers, into the same building as the optoelectronics team, which develops the devices that detect the presence of the markers, Stamm explained.

"It gives us a chance to collaborate more closely and accelerate our research," he said.

Authentix projects revenue of about \$38 million this year and more than \$50 million the next, Stamm said. The company has a 30%-plus annual growth rate, which Stamm attributes to the ability to adapt quickly to clients' evolving needs. Companies are becoming more vigilant against counterfeiting, tampering and theft, further fueling Authentix's growth, he added.

In the past four years, Authentix has recovered more than \$4 billion in lost revenue for clients such as pharmaceutical companies, central banks, oil and gas companies, governments and consumer goods companies, Stamm said.

In one application of the company's technology, nanoscale markers provided by Authentix to Royal Dutch Shell have helped ferret out 20 wholesalers suspected of mixing their Shell-branded gas with a cheaper variety before passing it along to filling stations. In another application, Authentix plans to partner with African governments to fight counterfeiting of prescription drugs that leaves millions of people with the wrong medicine.

Texas' aggressive economic development incentives make the state attractive to nanotechnology firms looking to relocate or expand, said Matthew Laudon, director of the Nanoscience and Technology Institute, a trade group based in Cambridge, Mass. Nanotechnology has strong applications for energy and semiconductor companies — industries for which Texas is known, Laudon said.

"The whole state has a lot of action," he said. "You have some very powerful companies in the state that are interested in these technologies. It's definitely a good fit."

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